

2015 DRAFTING REQUEST

Bill

Received: 9/15/2014 Received By: gmalaise
Wanted: As time permits Same as LRB:
For: Eric Genrich (608) 266-0616 By/Representing: Kathy Chung
May Contact: Drafter: rchampag
Subject: Employ Priv - miscellaneous Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Genrich@legis.wisconsin.gov
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Private sector pensions

Instructions:

Redraft 2013 AB 838

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rchampag 11/2/2014	csicilia 11/11/2014		_____			
/1			rschluet 11/11/2014	_____	sbasford 11/11/2014	sbasford 2/17/2015	State

FE Sent For:

at
intro

<END>

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/?	rchampag						
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1 cjs 11/11
14

1 cjs 11/11
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1 gm
11/14

FE Sent For:

<END>

Fiscal Estimate - 2013 Session

Original Updated Corrected Supplemental

LRB Number 13-4269/1	Introduction Number AB-0838	
Description Creation of a private retirement security plan and making appropriations		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
ETF/ Tarna Hunter (608) 267-0908	Robert Marchant (608) 266-9854	3/11/2014

Fiscal Estimate Narratives

ETF 3/11/2014

LRB Number	13-4269/1	Introduction Number	AB-0838	Estimate Type	Original
Description Creation of a private retirement security plan and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates the Wisconsin private retirement security board and requires the board to establish a private retirement security plan. Once established, the board, with the assistance of the Department of Employee Trust Funds (ETF), must (1) conduct a study to determine the feasibility of establishing a plan; (2) hold at least 5 public hearings throughout the state and receive testimony relating to the feasibility plan and recommended structure; (3) design the plan; and (4) submit a report to the legislature, the governor, and the Joint Committee on Finance (JCF) summarizing the above objectives and provide a plan for implementation and recommended legislation.

Establishing the board and carrying out these requirements will necessitate funding for board support, staff support, and ETF assistance. Carrying out the requirements of the bill will likely require the use of consultants, actuaries, and other financial and legal professionals to assist with the needs analysis and feasibility plan, public hearings, and plan design, as well as providing communication and marketing services during this process.

Expenditure authority for these costs is contingent upon JCF approval of the funding request ETF is required to prepare. Preparing and submitting this funding request is the one cost that is certain to be incurred if the bill becomes law.

The funding request must cover (1) the initial cost of establishing the board; (2) the cost of conducting the feasibility study; (3) the cost of holding the hearings; (4) the cost of designing the plan; and (5) the cost of preparing and submitting the board's report to the legislature, the governor, and JCF. Although the cost of preparing the funding request is anticipated to be minimal, ETF is prohibited from using Public Employee Trust Fund moneys for the cost. ETF has no current appropriation from which these costs may be paid.

Long-Range Fiscal Implications



D-Note
State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-4269/1
GMM:kjf:jm

soon

2015

2013 ASSEMBLY BILL 838

LRB-0182/1

GMM+RAC: cjs

March 4, 2014 - Introduced by Representatives GENRICH, JORGENSEN, HEBL, JOHNSON, OHNSTAD, HESSELBEIN, BERCEAU, RINGHAND, MILROY, SHANKLAND, C. TAYLOR, ZAMARRIPA, BEWLEY and SARGENT, cosponsored by Senators HANSEN, HARRIS, MILLER, C. LARSON, T. CULLEN and CARPENTER. Referred to Committee on Aging and Long-Term Care.

Gen Cat

1 AN ACT *to amend* chapter 40 (title); and *to create* 15.07 (1) (a) 6., 15.165 (5),
2 20.515 (1) (k), 20.515 (2), 25.17 (1) (yu), 25.17 (2) (fm), 25.52 and subchapter X
3 of chapter 40 [precedes 40.99] of the statutes; **relating to:** creation of a private
4 retirement security plan and making appropriations.

SA 13
SA 15

Analysis by the Legislative Reference Bureau

Under current law the Employee Trust Fund Board (ETF board) administers the Wisconsin Retirement System (WRS) under which public employees who are covered under the WRS and their employers pay contributions to the WRS and the WRS, from those contributions and the earnings on those contributions, provides retirement annuities to those public employees.

This bill creates a Wisconsin private retirement security board (board) and requires the board to establish a private retirement security plan (plan) to provide retirement benefits for residents of this state who choose to participate in the plan. Specifically, the bill requires the board to do all of the following:

1. Conduct a study to determine the feasibility of establishing a plan (~~feasibility study~~). The feasibility study must estimate the potential population that is likely to choose to participate in the plan and the potential cost of implementing the plan and must recommend a design and structure for the plan that is most reasonable in light of that potential population and cost.

2. Hold public hearings to receive testimony relating to the feasibility study and the recommended design and structure of the plan (~~public hearings~~). The board must hold not less than five public hearings and must hold those hearings over a

*

*

ASSEMBLY BILL 838

period of not more than three months. The board may hold no more than one public hearing in Madison and must ensure that at one least one public hearing is held in each geographic area of the state, including the southeastern part of the state, the western part of the state, the northern part of the state, and the northeastern part of the state.

3. Based on the feasibility study, the recommended design and structure of the plan, and the testimony received at the public hearings, design the plan. The board must design the plan so that, to the greatest extent possible, the design and structure of the plan are reasonably commensurate with the design and structure of the WRS. In designing the plan, the board must provide for the State of Wisconsin Investment Board to assist the board in managing and investing the assets of the fund and the assets of the accounts of participants in the plan and must provide for the ETF board to assist the board in administering the plan.

4. By no later than the first day of the 18th month beginning after the effective date of the bill, submit a report to the legislature, the governor, and the members of the Joint Committee on Finance (JCF) summarizing the conclusions of the feasibility study, the testimony received at the public hearings, and the design of the plan (report). The report must also include an estimate of the cost of initial establishment and administration of the plan, an estimate of the amount of time necessary to make the plan viable, and a recommendation for any legislation that is necessary to implement the plan. On enactment of that legislation, the board must implement the plan in accordance with that legislation.

In addition, the bill requires the Department of Employee Trust Funds to: 1) provide staff and other resources to assist the board in the performance of the board's duties under the bill; and 2) submit a request to JCF for supplemental funds from the general fund to be credited to the general purpose revenue (GPR) appropriation of the board created under the bill. The request must include an estimate of the initial cost of establishing the board, conducting the feasibility study, holding the public hearings, designing the plan, and preparing and submitting the report. After reviewing the request, JCF may, from its GPR general program supplementation appropriation, supplement the GPR appropriation of the board in an amount equal to the amount requested.

Finally, the bill permits the board to charge reasonable fees to participants in the plan to cover the costs of administering the plan, to recover the investment costs of the accounts of those participants, and to repay the general fund for amounts provided to the board for the costs of conducting the feasibility study, holding the public hearings, designing the plan, and preparing and submitting the report and for the costs of the initial establishment and administration of the plan.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

ASSEMBLY BILL 838

^

1 **SECTION 1.** 15.07 (1) (a) 6. of the statutes is created to read:

2 15.07 (1) (a) 6. The members of the Wisconsin private retirement security board
3 shall be appointed as provided in s. 15.165 (5). ✓

4 **SECTION 2.** 15.165 (5) of the statutes is created to read:

5 15.165 (5) WISCONSIN PRIVATE RETIREMENT SECURITY BOARD. (a) There is created
6 in the department of employee trust funds a Wisconsin private retirement security
7 board consisting of the following members appointed for 5-year terms:

8 1. One member appointed by the employee trust funds board.

9 2. One member appointed by the investment board.

10 3. One member appointed by the agricultural education and workforce
11 development council.

12 4. One member appointed by the Wisconsin Women's Business Initiative
13 Corporation.

14 5. One member appointed by the senate majority leader.

15 6. One member appointed by the senate minority leader.

16 7. One member appointed by the speaker of the assembly.

17 8. One member appointed by the assembly minority leader.

18 9. One member appointed by the governor.

19 (b) Not less than 5 of the members appointed under par. (a) shall have at least
20 10 years of experience in making investments, but any person having a financial
21 interest in, or whose employer is primarily a dealer or broker in, securities or
22 mortgage or real estate investments is not eligible for appointment, and any member
23 who acquires such an interest or accepts such appointment shall thereupon vacate
24 his or her membership.

^

25 **SECTION 3.** 20.515 (1) (k) of the statutes is created to read:

ASSEMBLY BILL 838**SECTION 3**

1 20.515 (1) (k) *Assistance to Wisconsin private retirement security board.* All
2 moneys transferred from the appropriation account under sub. (2) (a) for the
3 activities of the department under s. 40.99 (3).

4 **SECTION 4.** 20.515 (2) of the statutes is created to read:

5 20.515 (2) PRIVATE RETIREMENT SECURITY PLAN. (a) *Initial costs.* A sum sufficient
6 to be transferred to the Wisconsin private retirement security plan administration
7 trust fund under s. 25.52 and expended for the activities of the Wisconsin private
8 retirement security board under s. 40.99 (2) (a) to (c) and for the initial establishment
9 and administration of the Wisconsin private retirement security plan under s. 40.99
10 (2) (d) and to be transferred to the appropriation account under sub. (1) (k) and
11 expended for the activities of the department under s. 40.99 (3).

12 (q) *Administrative expenses; Wisconsin private retirement security plan*
13 *administration trust fund.* From the Wisconsin private retirement security plan
14 administration trust fund, all moneys transferred to that fund under par. (a) for the
15 activities of the Wisconsin private retirement security board under s. 40.99 (2) (a) to
16 (c) and for the initial establishment and administration of the Wisconsin private
17 retirement security plan under s. 40.99 (2) (d), and all moneys deposited in that fund
18 under s. 40.99 (4) (b) for the administrative costs of the plan, for the investment costs
19 of accounts under that plan, and for repayment of the amounts appropriated under
20 par. (a).

21 **SECTION 5.** 25.17 (1) (yu) of the statutes is created to read:

22 25.17 (1) (yu) Wisconsin private retirement security plan administration trust
23 fund (s. 25.52), but subject to sub. (2) (fm).

24 **SECTION 6.** 25.17 (2) (fm)[^] of the statutes is created to read:

ASSEMBLY BILL 838

1 25.17 (2) (fm) Invest the moneys belonging to the Wisconsin private retirement
2 security plan administration trust fund and the moneys contributed to accounts
3 established under that plan in any manner that does not violate the standard of
4 responsibility under s. 25.15 (2).

5 **SECTION 7.** 25.52 of the statutes is created to read:

6 **25.52 Wisconsin private retirement security plan administration trust**
7 **fund.** There is established a separate nonlapsible trust fund designated as the
8 Wisconsin private retirement security plan administration trust fund, to consist of
9 all moneys transferred to that fund under s. 20.515 (2) (a) and all moneys deposited
10 in that fund under s. 40.99 (4) (b).

11 **SECTION 8.** Chapter 40 (title) of the statutes is amended to read:

12 **CHAPTER 40**

13 **PUBLIC EMPLOYEE TRUST FUND**

14 **AND PRIVATE RETIREMENT**

15 **SECURITY PLAN**

16 **SECTION 9.** Subchapter X of chapter 40 [precedes 40.99] of the statutes is
17 created to read:

18 **CHAPTER 40**

19 **SUBCHAPTER X**

20 **PRIVATE RETIREMENT SECURITY PLAN**

21 **40.99 Private retirement security plan. (1) DEFINITIONS.** In this section:

22 (a) “Board” means the Wisconsin private retirement security board.

23 (b) “Fund” means the Wisconsin private retirement security plan
24 administration trust fund under s. 25.52.

ASSEMBLY BILL 838

1 (c) “Plan” means the private retirement security plan established under this
2 section.

3 (2) DUTIES OF BOARD. The board shall:

4 (a) *Feasibility study.* Conduct a study to determine the feasibility of
5 establishing a private retirement security plan to provide retirement benefits for
6 residents of this state who choose to participate in the plan. The feasibility study
7 shall estimate the potential population that is likely to choose to participate in the
8 plan and the potential cost of implementing the plan and shall recommend a design
9 and structure for the plan that is most reasonable in light of that potential population
10 and cost. In conducting the feasibility study, the board may contract with actuarial
11 consultants and any other person whose services are necessary for the board to
12 conduct the feasibility study.

13 (b) *Public hearings.* Hold public hearings to receive testimony relating to the
14 feasibility study conducted, and the design and structure recommended, under par.

15 (a). The board shall hold not less than 5 public hearings under this paragraph and
16 shall hold those hearings over a period of not more than 3 months. The board may
17 hold no more than one public hearing under this paragraph in Madison and shall
18 ensure that at one least one public hearing under this paragraph is held in each
19 geographic area of the state, including the southeastern part of the state, the western
20 part of the state, the northern part of the state, and the northeastern part of the state.

21 (c) *Design of plan.* Based on the feasibility study conducted, and the design and
22 structure recommended, under par. (a) and the testimony received under par. (b),
23 design a private retirement security plan to provide retirement benefits for residents
24 of this state who choose to participate in the plan. The Wisconsin private retirement
25 security board shall design the plan so that, to the greatest extent possible, the

ASSEMBLY BILL 838

1 design and structure of the plan are reasonably commensurate with the design and
2 structure of the Wisconsin Retirement System. In designing the plan, the Wisconsin
3 private retirement security board shall provide for the investment board to assist the
4 Wisconsin private retirement security board in managing and investing the assets
5 of the fund and the assets of the accounts of participants in the plan and shall provide
6 for the employee trust funds board to assist the Wisconsin private retirement
7 security board in administering the plan. In designing the plan, the Wisconsin
8 private retirement security board may contract with actuarial consultants and any
9 other person whose services are necessary for the Wisconsin private retirement
10 security board to design the plan.

11 (d) *Implementation of plan.* By no later than the first day of the 18th month
12 beginning after the effective date of this paragraph [LRB inserts date], submit a
13 report to the legislature under s. 13.172 (2), the governor, and the members of the
14 joint committee on finance summarizing the conclusions of the feasibility study
15 conducted under par. (a), the testimony received at the public hearings held under
16 par. (b), and the design of the plan under par. (c). The report shall also include an
17 estimate of the cost of initial establishment and administration of the plan, an
18 estimate of the amount of time necessary to make the plan viable, and a
19 recommendation for any legislation that is necessary to implement the plan. On
20 enactment of that legislation, the board shall implement the plan in accordance with
21 that legislation.

22 (3) DUTIES OF DEPARTMENT. (a) *Assistance to board.* From the appropriation
23 account under s. 20.515 (1) (k), the department shall ~~provide~~ staff and other
24 resources to assist the board in the performance of the board's duties under sub. (2).

be reimbursed for all of its costs incurred in establishing the board and plan and for providing

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SECTION 9

1 The department may not expend any moneys from the public employee trust fund
2 for its activities under this subsection.

3 (b) *Funding of initial costs.* The department shall submit ^{an estimate} ~~a request~~ to the joint
4 committee on finance for supplemental funds from the general fund to be credited
5 to the appropriation account under s. 20.515 (2) (a) for the purposes specified in that
6 appropriation. The request shall include an estimate of the initial cost of
7 establishing the board, conducting the feasibility study under sub. (2) (a), holding the
8 public hearings under sub. (2) (b), designing the plan under sub. (2) (c), and
9 preparing and submitting the report under sub. (2) (d). ~~After reviewing the request,~~
10 ^{The} joint committee on finance ^{shall} ~~may~~, from the appropriation under s. 20.865 (4) (a),
11 supplement the appropriation under s. 20.515 (2) (a) in an amount equal to the
12 ^{estimated} amount ~~requested~~.

13 (4) REPAYMENT OF GENERAL FUND. (a) The board may charge reasonable fees to
14 participants in the plan to cover the costs of administering the plan, to recover the
15 investment costs of the accounts of those participants, and to repay the general fund
16 for amounts transferred to the fund under s. 20.515 (2) (a) as provided in par. (b).

17 (b) A fee collected under par. (a) shall be deposited in the Wisconsin private
18 retirement security plan administration trust fund and credited to the appropriation
19 account under s. 20.515 (2) (q). From that appropriation, the board shall transfer to
20 the general fund an amount equal to the amount expended from the appropriation
21 under s. 20.515 (2) (a) when the board determines that the balance in the fund is
22 sufficient to make the transfer. The board may transfer that amount in installments.

23 (c) Annually, by June 1, the board shall submit a report to the joint committee
24 on finance on the amounts available for transfer under par. (b), the amounts

ASSEMBLY BILL 838

1 previously transferred under par. (b), and the outstanding balance that remains to
2 be transferred under par. (b).

3 **SECTION 10. Nonstatutory provisions.**

4 (1) WISCONSIN PRIVATE RETIREMENT SECURITY BOARD; INITIAL TERMS.

5 Notwithstanding the length of terms for the members of the board of the Wisconsin
6 private retirement security board specified in section 15.165 (5) (a) of the statutes,
7 as created by this act, the initial terms of the members appointed under section
8 15.165 (5) (a) 3. and 4. of the statutes, as created by this act, shall expire on May 1,
9 ~~2018~~²⁰¹⁹ the initial terms of the members appointed under section 15.165 (5) (a) 5. and
10 6. of the statutes, as created by this act, shall expire on May 1, ~~2017~~²⁰¹⁸ the initial terms
11 of the members appointed under section 15.165 (5) (a) 7. and 8. of the statutes, as
12 created by this act, shall expire on May 1, ~~2016~~²⁰¹⁷ and the initial term of the member
13 appointed under section 15.165 (5) (a) 9. of the statutes, as created by this act, shall
14 expire on May 1, ~~2015~~²⁰¹⁶

15 (END)

d-note

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0182/1dn

RAC:.....

[Handwritten signature]
9/3

date

fund

This bill is an updated redraft of 2013 Assembly Bill 838. I made one important change in the bill related to the reimbursement of the initial costs incurred by the Department of Employee Trust Funds in establishing the Wisconsin Private Retirement Security Plan and Wisconsin Private Retirement Security Board. Under the original bill, the Joint Committee on Finance (JCF) had the option of funding or not funding the initial costs. However, because DETF is a trust fund agency and cannot incur any costs not related to the public employee trust, I provided that JCF must approve reimbursing these initial costs. Otherwise, I am uncertain if DETF could legally carry out these initial obligations. Is this OK?

RAC

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0182/1dn
RAC:cjs:rs

November 11, 2014

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Basford, Sarah

From: Peters, Steve
Sent: Tuesday, February 17, 2015 12:18 PM
To: LRB.Legal
Subject: Draft Review: LRB -0182/1 Topic: Private sector pensions

Please Jacket LRB -0182/1 for the ASSEMBLY.